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10 UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF NEVADA

12 THE UNITED STATES OF AMERICA,
13 Plaintiff,

14 v.

15 ORR WATER DITCH COMPANY, et
16 al.,
17 Defendants.

IN EQUITY

Case No. 3:73-CV-00003-MMD

18 **AGREEMENT OF FUNDING PARTIES FOR APPROVAL OF**
19 **TRUCKEE RIVER OPERATING AGREEMENT BUDGET FOR**
FISCAL YEAR OCTOBER 1, 2022, TO SEPTEMBER 30, 2023

20 Pursuant to Section 2.C.3 of the Truckee River Operating Agreement dated September 6,
21 2008, the required approval is needed of a majority of the three Funding Parties, to wit: The United
22 States of America, the State of California and the State of Nevada.

23 The Federal Water Master, Chad Blanchard, the designated Administrator (“Federal Water
24 Master”), herein, submits to the Court, that the Court previously approved by Order signed
25 February 2, 2022, the “tentative” budget for the fiscal year October 1, 2021, to September 30, 2022.
26 This tentative budget has been updated and the Federal Water Master now submits this budget to
27 the Court as his “proposed” budget for the fiscal year October 1, 2022, to September 30, 2023. This
28 Agreement is signed by the required majority of the Funding Parties and the proposed budget is

attached hereto as Exhibit "A". The proposed budget is the sum of \$1,500,000.00, which sum will be paid from the Funding Parties per their previously agreed percentages as follows:

United States of America	\$ 600,000.00
State of Nevada	600,000.00
State of California	<u>300,000.00</u>
	\$1,500,000.00

The Federal Water Master is asking for the Court to approve this proposed budget.

The Federal Water Master, Chad Blanchard, also submits for approval by the Funding Parties, his proposed tentative budget for the Truckee River Operating Agreement for fiscal year October 1, 2023, to September 30, 2024, as Exhibit "B" attached hereto. The projected budget is the sum of \$1,850,000.00, which sum will be paid from the assessment of the Funding Parties per their previously agreed to percentages as follows:

United States of America	\$ 740,000.00
State of Nevada	740,000.00
State of California	<u>370,000.00</u>
	\$1,850,000.00

The Federal Water Master also submits for approval by the Funding Parties, his proposed tentative budget for the fiscal year October 1, 2024, to September 30, 2025, as Exhibit "C" attached hereto. The projected budget is the sum of \$1,937,500.00, which sum will be paid from the assessment of the Funding Parties as follows:

United States of America	\$ 775,000.00
State of Nevada	775,000.00
State of California	<u>387,500.00</u>
	\$1,937,500.00

In addition, TROA section 7(A)(2)(b)(3) provides "[i]n addition to any fees that may be charged by United States, [Washoe County Water] Conservation District may impose fees [Annual Fee] for its calculated annual cost of operation and maintenance of Boca Dam and Reservoir performed in accordance with this agreement".

The Conservation District shall provide this information to the Federal Water Master on November 1, 2022 and continue to provide the information by November 1 of each subsequent year.

The Average Proportion of Flow for the Annual Fee shall be calculated by the Federal Water

1 Master based on a running average as provided in section 7(A)(2)(b)(3), beginning with the water
2 year ending September 30, 2021.

3 No later than January 15, 2023, Federal Water Master's Annual Fee calculations shall be
4 communicated to the Parties.

5 The Parties agree to pay the Federal Water Master for their apportioned share of the Annual
6 Fee no later than April 30 each year based upon the latest calculation of the Annual Fee as
7 determined by the Federal Water Master.

8 The second Annual Fee has been calculated to be \$89,125.55 (Exhibit "D") and shall be paid
9 by the Parties no later than April 30, 2023, as follows:

10	United States of America	\$40,380.42
11	State of Nevada	\$35,650.22
12	State of California	<u>\$13,094.91</u>
	Total Annual Fee	\$89,125.55

13 The Federal Water Master shall distribute the Annual Fee collected for the Boca Account to
14 the Conservation District within 30 days upon receipt of all funds.

15 The Federal Water Master shall include an accounting of fees collected and distributed in
16 the Boca Account in his annual audited financial report to be filed with this Court.

17 These proposed tentative budgets are designed to give the Parties notice, and ample time to
18 prepare for future budgets for the Truckee River Operating Agreement and the Water Master
19 proposes to continuously provide two years of "tentative" budgets along with the "proposed" current
20 budget. Signatures to this Agreement are not bound by these budgets, as costs and expenses may
21 vary from year to year as circumstances may change, and actual budgets are submitted each year.
22 Any and all surpluses of income over expenses shall be held in reserve by the Federal Water Master
23 to be used for any budget short falls or unanticipated expenses.

24 The Federal Water Master, Chad Blanchard, also submits to the Court for its approval the
25 audited Financial Report for Administration of the Truckee River Operating Agreement filed for the
26 fiscal year October 1, 2021, to September 30, 2022.

27 This Agreement may be executed in two or more counterparts (including by facsimile or by
28 an electronic scan delivered by electronic mail), each of which shall be deemed an original, but all

1 of which together shall be considered one and the same agreement, and shall become effective when
2 counterparts have been signed by the majority of the Funding Parties hereto and delivered to the
3 other Funding Parties, it being understood that the majority of the Funding Parties need not sign the
4 same counterpart.


5 By executing this document, the parties hereby give their approval of the Budget as
6 submitted and submit the same to the Court for its approval.

7 DATED THIS 29 DAY OF December, 2022

9 **U.S. DISTRICT COURT WATER MASTER**

10
11 By: 
12 CHAD BLANCHARD

13 **GUILD, GALLAGHER & FULLER, LTD.**

14
15 By: 
16 JOHN K. GALLAGHER, ESQ.
17 Nevada State Bar No. 956
18 PATRICK H. GALLAGHER, ESQ.
19 Nevada State Bar No. 14875
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Reno, NV 89501
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Fax: 775-322-9105

20 *Attorneys for U.S. District Court Water Master*

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1 UNITED STATES OF AMERICA

2
3 By: _____
4 Print Name: _____
5 Title: _____
6 Date: _____
7

8 STATE OF NEVADA

9
10 By: Adam Sullivan
11 Print Name: ADAM SULLIVAN
12 Title: STATE ENGINEER
13 Date: 01/09/2023
14

15 STATE OF CALIFORNIA

16
17 By: _____
18 Print Name: _____
19 Title: _____
20 Date: _____

21 APPROVED BY THIS COURT

22 Date: _____

23
24 By: _____
25 United States District Judge
26
27
28


1 **UNITED STATES OF AMERICA**

2
3 By: _____
4 Print Name: _____
5 Title: _____
6 Date: _____
7

8 **STATE OF NEVADA**

9
10 By: _____
11 Print Name: _____
12 Title: _____
13 Date: _____
14

15 **STATE OF CALIFORNIA**

16 By:  _____
17 Juan Escobar
18 Print Name: _____
19 Title: Principal Engineer, WR
20 Date: 1/6/2023

21 **APPROVED BY THIS COURT**

22 Date: January 19, 2023

23
24 By:  _____
25 United States District Judge
26
27
28

EXHIBIT LIST

- A. Proposed Budget for the Truckee River Operating Agreement for the Fiscal Year October 1, 2022, to September 30, 2023.
- B. Proposed Tentative Budget for the Truckee River Operating Agreement for Fiscal Year October 1, 2023, to September 30, 2024.
- C. Proposed Tentative Budget for the Truckee River Operating Agreement for Fiscal Year October 1, 2024, to September 30, 2025.
- D. Proposed Budget for Boca Dam and Reservoir Account for Fiscal Year ending September 30, 2023.

Exhibit "A"

In Equity 3:73-cv-0003-MMD
U.S. District Court - Chad J Blanchard, TROA Administrator
Truckee River Operating Agreement Administration

Proposed Budget**Statements of Revenues, Expenses and Retained Earnings**

Fiscal Year ending September 30, 2023

Budgeted Revenues

Administrative Fees - United States	\$600,000
Administrative Fees - State of Nevada	\$600,000
Administrative Fees - State of California	<u>\$300,000</u>

Total Budgeted Revenue

\$1,500,000

Budgeted Expenses

Computer Consulting, Software & Licensing	\$46,261
Depreciation	\$42,215
Habitat Restoration Fund	\$60,925
Hearing Officer	\$5,000
Payroll Taxes	\$54,906
Professional, Legal & Audit Fees	\$66,700
Rent, Telephone, Supplies & Overhead	\$105,610
RiverWare Modeling & Technical Consulting	\$90,000
Stream Gaging & Telemetry Data Retrieval	\$94,680
Travel & Conference	\$16,100
TROA Administration Staff & Benefits	<u>\$1,157,841</u>

Total Budgeted Operating Expenses

\$1,740,238

Budgeted Net Income (Loss)

-\$240,238

Item Not Affecting Working Capital (Depreciation)

42,215

Total Budgeted Working Capital Provided

-\$198,024

Working Capital Applied To Budgeted Equipment Acquisitions

-8,500

Budgeted Increase (Decrease) in Working Capital

-\$206,524

Exhibit "B"

In Equity 3:73-cv-0003-MMD
 U.S. District Court - Chad J Blanchard, TROA Administrator
 Truckee River Operating Agreement Administration

Tentative Budget
Statements of Revenues, Expenses and Retained Earnings
Fiscal Year ending September 30, 2024

Budgeted Revenues

Administrative Fees - United States	\$740,000
Administrative Fees - State of Nevada	\$740,000
Administrative Fees - State of California	<u>\$370,000</u>

Total Budgeted Revenue	\$1,850,000
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Budgeted Expenses

Computer Consulting, Software & Licensing	\$45,387
Depreciation	\$45,170
Habitat Restoration Fund	\$63,971
Hearing Officer	\$5,500
Payroll Taxes	\$58,749
Professional, Legal & Audit Fees	\$73,370
Rent, Supplies & Overhead	\$112,663
RiverWare Modeling & Technical Consulting	\$65,000
Stream Gaging & Telemetry Data Retrieval	\$104,148
Travel & Conference	\$17,710
TROA Administration Staff & Benefits	<u>\$1,273,626</u>

Total Budgeted Operating Expenses	\$1,865,294
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Budgeted Net Income (Loss)	-\$15,294
Item Not Affecting Working Capital (Depreciation)	<u>\$45,170</u>

Total Budgeted Working Capital Provided	\$29,876
Working Capital Applied To Budgeted Equipment Acquisitions	<u>-\$30,000</u>

Budgeted Increase (Decrease) in Working Capital	-\$124
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Exhibit "C"

In Equity 3:73-cv-0003-MMD
U.S. District Court - Chad J Blanchard, TROA Administrator
Truckee River Operating Agreement Administration

Tentative Budget

Statements of Revenues, Expenses and Retained Earnings
Fiscal Year ending September 30, 2025

Budgeted Revenues

Administrative Fees - United States	\$775,000
Administrative Fees - State of Nevada	\$775,000
Administrative Fees - State of California	<u>\$387,500</u>

Total Budgeted Revenue	\$1,937,500
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Budgeted Expenses

Computer Consulting, Software & Licensing	\$47,656
Depreciation	\$47,428
Habitat Restoration Fund	\$67,170
Hearing Officer	\$5,775
Payroll Taxes	\$61,687
Professional, Legal & Audit Fees	\$77,039
Rent, Supplies & Overhead	\$115,421
RiverWare Modeling & Technical Consulting	\$68,250
Stream Gaging & Telemetry Data Retrieval	\$109,355
Travel & Conference	\$18,596
TROA Administration Staff & Benefits	<u>\$1,361,935</u>

Total Budgeted Operating Expenses	\$1,980,311
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Budgeted Net Income (Loss)	-\$42,811
Item Not Affecting Working Capital (Depreciation)	<u>\$47,428</u>

Total Budgeted Working Capital Provided	\$4,617
Working Capital Applied To Budgeted Equipment Acquisitions	<u>-\$33,000</u>

Budgeted Increase (Decrease) in Working Capital	-\$28,383
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Exhibit "D"

In Equity 3:73-cv-0003-MMD

U.S. District Court - Chad J Blanchard, TROA Administrator
Truckee River Operating Agreement Administration

Proposed Budget

Administrator Statement of Annual Fees and Expenses

Fiscal Year ending September 30, 2023

BOCA DAM AND RESERVOIR ACCOUNT

Boca Dam and Reservoir Annual Fees

United States of America	\$40,380.42
State of Nevada	\$35,650.22
State of California	<u>\$13,094.91</u>

\$89,125.55

Total Annual Fees

Budgeted Operating Expenses

Transfer to	
Washoe County Water Conservation District	<u>\$89,125.55</u>

Total Budgeted Operating Expenses	\$89,125.55
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Budgeted Net Income (Loss)	\$0.00
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